



December 29, 2022

Chairwoman Lea Marquez Peterson
Commissioner Jim O'Connor
Commissioner Anna Tovar
Commissioner Kevin Thompson
Commissioner Nick Myers
Arizona Corporation Commission
1200 W. Washington St.
Phoenix AZ, 85008

Re: Docket Number G-01551A-21-0368

Honorable Commissioners,

The Arizona Manufacturers Council ("AMC") writes to you today to urge you to adopt the findings of the administrative law judge in Southwest Gas' rate case and reject the proposals by the Southwestern Energy Efficiency Project (SWEET) aimed at restricting natural gas infrastructure investment in Arizona.

The AMC's membership is incredibly diverse, reflecting the tremendous growth the state's manufacturing sector has experienced over the last decade. Our members include companies that manufacture everything from aerospace vehicles to defense equipment, sporting goods, electronic components, semiconductors, medical devices, pharmaceuticals, construction materials, and more. We are also particularly excited about the state's recent growth of next-generation automotive manufacturing that includes electric and alternative fuel vehicles.

The growth of Arizona's manufacturing sector has not been by accident. In the intense nationwide competition to attract new jobs and investment, Arizona offers manufacturers something not all states can: universities that produce top talent, a pro-business tax and regulatory climate, quality transportation infrastructure and access to affordable, clean, and reliable energy options, including natural gas. These inputs have led to the establishment of 5,227 manufacturing businesses in Arizona that produce a gross state product of \$47.3 billion.¹

Because of the important role that reliable and affordable energy plays to the success of our membership, it is important for AMC to be on the record in opposition to SWEET's Infrastructure Investment Plan (IIP) and Construction Allowance proposals aimed at curbing natural gas use in the state. Natural gas is a critical input for our members who use it to fuel processes like drying, melting, driving machines and space heating. Additionally, natural gas is used by manufacturers for feedstock in the refining, chemical and primary metals sectors.

¹ <https://www.azcommerce.com/media/1546074/manufacturing-in-arizona.pdf>

The adoption of SWEEP's proposals would have grave impacts on our existing members and would blunt future growth in this important economic sector. SWEEP's IIP proposal would create uncertainty around whether existing and prospective manufacturers could maintain or obtain the natural gas infrastructure they need to prosper. SWEEP's proposed discriminatory changes to Southwest Gas' Construction Allowance policy would increase the upfront capital costs of starting a new business for manufacturers that require natural gas. Taken together, SWEEP's policies would jeopardize our standing as the second-fastest manufacturing job growth state in the nation and harm our ability to continue to produce good-paying jobs for Arizonans.

In order to allow Arizona's manufacturing sector to maintain its tremendous momentum, the Arizona Manufacturers Council respectfully urges you to adopt the findings of the administrative law judge and reject SWEEP's proposals that would hurt workers and the economy.

Arizona's manufacturers thank you for your consideration and for your service to the state.

Respectfully,



Grace Appelbe
Executive Director
Arizona Manufacturers Council